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2006 AUG -1 P 4: 39

AZ CORP COMMISSION
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Arizona Corporation Commission

DOCKETED

AUG 1 - 2006

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF GOLD CANYON
SEWER COMPANY, AN ARIZONA
CORPORATION, FOR A
DETERMINATION OF THE FAIR
VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR
INCREASES IN ITS RATES AND
CHARGES FOR UTILITY SERVICE
BASED THEREON.

DOCKET NO: SW-02519A-06-0015

NOTICE OF ERRATA

Gold Canyon Sewer Company ("Gold Canyon") hereby files its Errata to the rebuttal testimony of Thomas J. Bourassa filed on July 27, 2006 as follows:

1. 1:14-18 amended to read:

Q. WHAT IS THE REVENUE INCREASE THAT THE COMPANY IS PROPOSING IN THIS REBUTTAL TESTIMONY?

A. The Company is proposing a total revenue requirement of \$4,794,790, which constitutes an increase in revenues of \$2,298,590, or 92.08% over test year revenues.

2. 2:10-18 is amended to read:

Q. PLEASE SUMMARIZE THE PROPOSED REVENUE REQUIREMENTS AND RATE INCREASES FOR THE COMPANY, STAFF, AND RUCO AT THIS STAGE OF THE PROCEEDING?

A. The proposed revenue requirements and proposed rate increases are as follows:

	<u>Revenue Requirement</u>	<u>Revenue Incr.</u>	<u>% Increase</u>
Company-Direct	\$4,971,147	\$2,474,767	99.13%
Staff	\$2,501,414	\$5,034	0.20%
RUCO	\$3,536,964	\$1,040,595	41.68%
Company Rebuttal	\$4,794,970	\$2,298,590	92.08%

3. 62:23-63:5 is amended to read:

Q. WHAT ARE THE COMPANY'S PROPOSED REBUTTAL RATES?

A. The proposed rates are:

Residential Charge:	\$67.79
Residential (<700 S.F.), per dwelling	\$36.97
Residential (Home Owner's Association), per dwelling	\$61.63
RV Park, per occupied space*	\$36.97
Commercial Rate (Per gallon per day) ⁹ :	\$0.339

In addition, the price for reclaimed (non-potable) water is **\$246.94** per acre-foot.

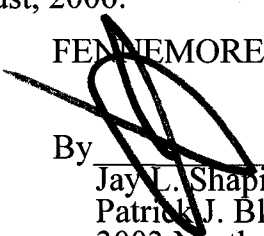
* The Company is proposing a separate rate for RV parks which are currently charged under the residential (<700 S.F.).

Additionally, Gold Canyon hereby submits revised rebuttal schedules for Thomas J. Bourassa (See Exhibit 1, attached hereto) which entirely replace the rebuttal schedules filed on July 27, 2006.

DATED this 1st day of August, 2006.

FENNEMORE CRAIG, P.C.

By


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Attorneys for Gold Canyon Sewer Company

1 ORIGINAL and thirteen (13) copies of the
2 foregoing were delivered
3 this 1st day of August, 2006, to:

3 Docket Control
4 Arizona Corporation Commission
5 1200 W. Washington St.
6 Phoenix, AZ 85007

5 Copy of the foregoing hand delivered
6 this 1st day of August, 2006, to:

7 Dwight D. Nodes
8 Assistant Chief Administrative Law Judge
9 Arizona Corporation Commission
10 1200 W. Washington Street
11 Phoenix, AZ 85007

10 David Ronald
11 Legal Division
12 Arizona Corporation Commission
13 1200 W. Washington Street
14 Phoenix, AZ 85007

13 Dan Pozefsky
14 Residential Utility Consumer Office
15 1110 W. Washington Street, Ste. 200
16 Phoenix, AZ 85007

16 By: Mauro San Jose
17 1820035.1/41452.015

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19
20
21
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23
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25
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EXHIBIT

1

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rebuttal Schedule A-1
Page 1
Witness: Bourassa
REVISED

Line
No.

1	Fair Value Rate Base	\$	15,743,898
2			
3	Adjusted Operating Income		241,749
4			
5	Current Rate of Return		1.54%
6			
7	Required Operating Income	\$	1,653,109
8			
9	Required Rate of Return on Fair Value Rate Base		10.50%
10			
11	Operating Income Deficiency	\$	1,411,360
12			
13	Gross Revenue Conversion Factor		1.6286
14			
15	Increase in Gross Revenue		
16	Requirement	\$	2,298,590
17			
18	% Increase		92.08%
19			

20	Customer	Present	Proposed	Dollar	Percent
21	Classification	Rates	Rates	Increase	Increase
22	(Residential Commercial, Irrigation)				
23					
24	Residential	\$ 2,055,375	\$ 3,959,827	\$ 1,904,452	92.66%
25	Residential (<700 SF) per dwelling	86,535	166,724	80,189	92.67%
26	Residential (Homeowner's Association)	75,732	145,918	70,186	92.68%
27	Commercial	178,185	343,309	165,124	92.67%
28	Effluent Sales	31,699	61,075	29,376	
29				-	0.00%
30	Revenue Annualization	25,531	74,403	48,872	191.42%
31	Subtotal	\$ 2,453,056	\$ 4,751,255	\$ 2,298,199	93.69%
32					
33	Other Wastewater Revenues	44,804	44,804	-	0.00%
34				-	0.00%
35				-	0.00%
36	Total of Water Revenues (a)	\$ 2,497,860	\$ 4,796,059	\$ 2,298,199	92.01%

SUPPORTING SCHEDULES:

Rebuttal B-1
Rebuttal C-1
Rebuttal C-3
Rebuttal H-1

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Summary of Rate Base

Exhibit
Rebuttal Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	\$ 21,094,247	\$ 21,094,247
3	Less: Accumulated Depreciation	1,318,581	1,318,581
4			
5	Net Utility Plant in Service	\$ 19,775,666	\$ 19,775,666
6			
7	<u>Less:</u>		
8	Advances in Aid of		
9	Construction	2,064,125	2,064,125
10	Contributions in Aid of		
11	Construction	1,827,557	1,827,557
12	Accumulated Amortization of CIAC	(145,364)	(145,364)
13			
14	Customer Meter Deposits	30,769	30,769
15	Deferred Income Taxes & Credits	254,681	254,681
16	Deferred Assets	-	-
17			
18			
19	<u>Plus:</u>		
20	Unamortized Finance		
21	Charges	-	-
22	Prepays	-	-
23	Deferred Assets	(0)	(0)
24	Allowance for Working Capital	-	-
25			
26			
27	Total Rate Base	\$ 15,743,898	\$ 15,743,898
28			
29			
30			
31	<u>SUPPORTING SCHEDULES:</u>		
32	Rebuttal B-2		
33	Rebuttal B-5		
34			
35			
36			

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Original Cost Rate Base Proforma Adjustments

Exhibit
Rebuttal Schedule B-2
Page 1
Witness: Bourassa
REVISED

Line No.		Adjusted at End of <u>Test Year</u>	<u>Adjustments</u>	Rebuttal Adjusted at end of <u>Test Year</u>
1	Gross Utility			
2	Plant in Service	\$ 21,359,393	(265,146)	\$ 21,094,247
3				
4	Less:			
5	Accumulated			
6	Depreciation	1,608,290	(289,709)	1,318,581
7				
8				
9	Net Utility Plant			
10	in Service	\$ 19,751,103	\$ 24,563	\$ 19,775,666
11				
12	Less:			
13	Advances in Aid of			
14	Construction	2,064,125	-	2,064,125
15				
16	Contributions in Aid of			
17	Construction (CIAC)	1,827,557	-	1,827,557
18				
19				
20	Accum. Amortization of CIAC	(145,364)	-	(145,364)
21				
22				
23	Customer Meter Deposits	30,769	0	30,769
24	Deferred Income Taxes	-	254,681	254,681
25	Investment Tax Credits	-	-	-
26				
27				
28	Plus:			
29	Unamortized Finance	0		
30	Charges	-	0	-
31	Prepays	-	-	-
32	Allowance for Working Capital	134,672	(134,672)	(0)
33		-		-
34				
35	Total	\$ 16,108,688	\$ (364,790)	\$ 15,743,898

SUPPORTING SCHEDULES:
Rebuttal B-2, pages 2

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Original Cost Rate Base Proforma Adjustments

Line No.	ADJUSTMENT LABEL-->	1	2	3	4	5	Rebuttal Adjusted at end of Test Year
	Adjusted at End of Test Year	Plant Retirements	Deferred Income Tax	Expensed Plant	Accumulated Depreciation	Working Capital	
1	Gross Utility						
2	Plant in Service	(272,191)		7,045			\$ 21,094,247
3							
4	Less:						
5	Accumulated Depreciation	1,608,290			(289,709)		1,318,581
6							
7							
8							
9	Net Utility Plant in Service	\$ 19,751,103	\$ (272,191)	\$ 7,045	\$ 289,709	\$ -	\$ 19,775,666
10							
11	Less:						
12	Advances in Aid of Construction	2,064,125					2,064,125
13							
14							
15	Contributions in Aid of Construction (CIAC)	1,827,557					1,827,557
16							
17							
18							
19							
20	Accum. Amortization of CIAC	(145,364)					(145,364)
21							
22							
23	Customer Meter Deposits	30,769					30,769
24	Deferred Income Taxes	-	254,681				254,681
25	Investment Tax Credits	-					-
26							
27							
28	Plus:						
29	Unamortized Finance Charges	-					-
30		-					-
31		-					-
32	Allowance for Working Capital	134,672				(134,672)	(0)
33							
34							
35	Total	\$ 16,108,688	\$ (272,191)	\$ 7,045	\$ 289,709	\$ (134,672)	\$ 15,743,898
36							
37							
38							
39							
40							
41							
42							
43							

SUPPORTING SCHEDULES:
Rebuttal B-2, pages 3-7

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Original Cost Rate Base Proforma Adjustments
Adjustment 1

Exhibit
Rebuttal Schedule B-2
Page 3
Witness: Bourassa

Line

No.

1 Retirement of Water Treatment Equipment - Adjustment to Plant-in-Service and Accumulated Depreciation

2

3 Staff Adjustment #3 (CSB-6) for water treatment equipment (Account 380) \$ (272,191)

4

5

6 Increase (Decrease) to Plant-in-Service \$ (272,191)

7

8

9

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Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Original Cost Rate Base Proforma Adjustments
Adjustment 2

Exhibit
Rebuttal Schedule B-2
Page 4
Witness: Bourassa

Line

No.

1	<u>Accumulated Deferred Income Tax</u>		
2			
3	Staff Adjustment #6 (CSB-10) Accumulated Deferred Income Tax	\$	254,681
4			
5			
6	Adjustment to Deferred Income Tax	\$	<u>254,681</u>
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Rebuttal Schedule B-2
Page 5
Witness: Bourassa

Line

No.

1 Expensed Plant

2

3 Adjustment per RUCO Adj.#5

4

5 354 Structure and Improvements

\$ -

6 380 Treatment and Disposal

5,397

7 394 Laboratory Equipment

1,648

8

9 Total

\$ 7,045

10

11

12 Increase (Decrease) to Plant-in-Service

\$ 7,045

13

14

15

16

17

18

19

20

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Original Cost Rate Base Proforma Adjustments
Adjustment 4

Exhibit
Rebuttal Schedule B-2
Page 6
Witness: Bourassa

Line

No.

1	<u>Accumulated Depreciation</u>	
2		
3		
4	Accumulated Depreciation per Rebuttal Filing	\$ 1,318,581
5	Adjusted Accumulated Depreciation per Direct Filing	<u>1,608,290</u>
6		
7	Difference	\$ (289,709)
8		
9		
10	Increase (Decrease) to Accumulated Depreciation	<u>\$ (289,709)</u>
11		
12		
13	<u>SUPPORTING SCHEDULES</u>	
14	Rebuttal B-2, page 6a-6q	
15		
16		
17		
18		
19		
20		

Account	Description	Deprec. Rate	Deprec. Rate After Nov-01	Deprec. Rate After Nov-01	Allocated										
					Staff Plant At 3/31/2000	Mar-00 Accum. Depr.	(a)	2000 Plant Additions	2000 Plant Adjustments	2000 Adjusted Plant	2000 Plant Retirements	2000 Plant Balance	Apr-Dec 2000 Depr.		
351	Organization	0.00%	0.00%	0.00%	25,000									25,000	-
352	Franchises	0.00%	0.00%	0.00%	25,000									25,000	-
353	Land and Land Rights	0.00%	0.00%	0.00%	-									-	-
354	Structures and Improvements	2.50%	2.50%	2.50%	-									-	-
355	Power Generation Equipment	2.50%	2.50%	2.50%	-									-	-
360	Collection Sewers - Force	2.50%	2.50%	2.50%	-									-	-
361	Collection Sewers - Gravity	2.50%	2.50%	2.50%	1,450,256	227,260								1,450,256	-
362	Special Collecting Structures	2.50%	2.50%	2.50%	-									-	-
363	Services to Customers	2.50%	2.50%	2.50%	-									-	-
364	Flow Measuring Devices	2.50%	2.50%	2.50%	-									-	-
365	Flow Measuring Installations	2.50%	2.50%	2.50%	-									-	-
370	Receiving Wells	2.50%	2.50%	2.50%	-									-	-
371	Pumping Equipment	2.50%	2.50%	2.50%	-									-	-
380	Treatment and Disposal Equipment	2.50%	2.50%	2.50%	1,674,389	262,383								1,674,389	31,395
381	Plant Sewers	2.50%	2.50%	2.50%	-									-	-
382	Outfall Sewer Lines	2.50%	2.50%	2.50%	-									-	-
389	Other Plant and Misc. Equipment	2.50%	2.50%	2.50%	-									-	-
390	Office Furniture and Equipment	2.50%	2.50%	2.50%	-									-	-
391	Transportation Equipment	2.50%	2.50%	2.50%	-									-	-
393	Tools, Shop and Garage Equipment.	2.50%	2.50%	2.50%	-									-	-
394	Laboratory Equipment	2.50%	2.50%	2.50%	-									-	-
395	Power Operated Equipment	2.50%	2.50%	2.50%	-									-	-
398	Other TangiblePlant	2.50%	2.50%	2.50%	-									-	-
Plant Held for Future Use															
TOTAL WATER PLANT					3,174,645	489,643								3,174,645	58,587

Gold Canyon Sewer Company
Plant Additions and Retirements

Exhibit
Rebuttal Schedule B-2
Page 6b
Witness: Bourassa

Account No.	Description	2001 Plant Additions	2001 Plant Adjustments	2001 Adjusted Plant Additions	2001 Plant Retirements	2001 Plant Balance	2001 Deprec.
351	Organization			-		25,000	-
352	Franchises			-		25,000	-
353	Land and Land Rights			-		-	-
354	Structures and Improvements			-		-	-
355	Power Generation Equipment			-		-	-
360	Collection Sewers - Force			-		-	-
361	Collection Sewers - Gravity			-		-	-
362	Special Collecting Structures			-		1,450,256	36,256
363	Services to Customers	1,025		1,025		-	-
364	Flow Measuring Devices			-		1,025	13
365	Flow Measuring Installations			-		-	-
370	Receiving Wells			-		-	-
371	Pumping Equipment	1,810		1,810		1,810	23
380	Treatment and Disposal Equipment	1,194,011	810,000	2,004,011		3,678,400	66,910
381	Plant Sewers			-		-	-
382	Outfall Sewer Lines			-		-	-
389	Other Plant and Misc. Equipment	37,764		37,764		37,764	472
390	Office Furniture and Equipment	6,174		6,174		6,174	77
391	Transportation Equipment			-		-	-
393	Tools, Shop and Garage Equipment			-		-	-
394	Laboratory Equipment			-		-	-
395	Power Operated Equipment			-		-	-
398	Other Tangible Plant			-		-	-
Plant Held for Future Use		-		-		-	-
TOTAL WATER PLANT		1,240,784	810,000	2,050,784	-	5,225,429	103,751

Account No.	Description	2002 Plant Additions	2002 Plant Adjustments	2002 Adjusted Plant Additions	2002 Plant Retirements	2002 Plant Balance	2002 Deprec.
351	Organization					25,000	-
352	Franchises					25,000	-
353	Land and Land Rights					-	-
354	Structures and Improvements	243,447		243,447		243,447	3,043
355	Power Generation Equipment					-	-
360	Collection Sewers - Force	1,683		1,683		1,683	21
361	Collection Sewers - Gravity	834		834		1,451,090	36,267
362	Special Collecting Structures	19,067		19,067		19,067	238
363	Services to Customers	8,358		8,358		9,383	130
364	Flow Measuring Devices	45		45		45	1
365	Flow Measuring Installations	59,894		59,894		59,894	749
370	Receiving Wells					-	-
371	Pumping Equipment	6,999		6,999		8,809	133
380	Treatment and Disposal Equipment					3,678,400	91,960
381	Plant Sewers					-	-
382	Outfall Sewer Lines					-	-
389	Other Plant and Misc. Equipment	507,277		507,277		545,041	7,285
390	Office Furniture and Equipment	4,600		4,600		10,774	212
391	Transportation Equipment					-	-
393	Tools, Shop and Garage Equipment					-	-
394	Laboratory Equipment	7,560		7,560		7,560	95
395	Power Operated Equipment					-	-
398	Other Tangible Plant					-	-
Plant Held for Future Use						-	-
TOTAL WATER PLANT		859,764	-	859,764	-	6,085,193	140,133

Account No.	Description	2003 Plant Additions	2003 Plant Adjustments	2003 Adjusted Plant Additions	2003 Plant Retirements	2003 Plant Balance	2003 Deprec.
351	Organization			-		25,000	-
352	Franchises			-		25,000	-
353	Land and Land Rights			-		-	-
354	Structures and Improvements	111,404		111,404		354,851	7,479
355	Power Generation Equipment			-		-	-
360	Collection Sewers - Force	36,633		36,633		38,316	500
361	Collection Sewers - Gravity	840		840		1,451,930	36,288
362	Special Collecting Structures			-		19,067	477
363	Services to Customers	9,545		9,545		18,928	354
364	Flow Measuring Devices	3,663		3,663		3,708	47
365	Flow Measuring Installations	98,864	(3,200)	95,664		155,558	2,693
370	Receiving Wells			-		-	-
371	Pumping Equipment	26,785		26,785		35,594	555
380	Treatment and Disposal Equipment			-		3,678,400	91,960
381	Plant Sewers		945	-	945	945	12
382	Outfall Sewer Lines			-		-	-
389	Other Plant and Misc. Equipment	2,767,546	(1,674)	2,765,872		3,310,913	48,199
390	Office Furniture and Equipment			-		10,774	269
391	Transportation Equipment			-		-	-
393	Tools, Shop and Garage Equipment			-		-	-
394	Laboratory Equipment	7,236		7,236		14,796	279
395	Power Operated Equipment			-		-	-
398	Other Tangible Plant			-		-	-
Plant Held for Future Use		-	-	-	-	-	-
TOTAL WATER PLANT		3,062,516	(3,929)	3,058,587	-	9,143,780	189,112

Account No.	Description	2004 Plant Additions	2004 Plant Adjustments	2004 Adjusted Plant Additions	2004 Plant Retirements	2004 Plant Balance	2004 Deprec.
351	Organization			-		25,000	-
352	Franchises			-		25,000	-
353	Land and Land Rights			-		-	-
354	Structures and Improvements	784,571		784,571		1,139,422	18,678
355	Power Generation Equipment			-		-	-
360	Collection Sewers - Force	34,398		34,398		72,714	1,388
361	Collection Sewers - Gravity	27,188		27,188		1,479,118	36,638
362	Special Collecting Structures			-		19,067	477
363	Services to Customers			-		18,928	473
364	Flow Measuring Devices			-		3,708	93
365	Flow Measuring Installations			-		155,558	3,889
370	Receiving Wells			-		-	-
371	Pumping Equipment	17,073		17,073		52,667	1,103
380	Treatment and Disposal Equipment			-		3,678,400	91,960
381	Plant Sewers			-		945	24
382	Outfall Sewer Lines			-		-	-
389	Other Plant and Misc. Equipment	55,145		55,145		3,366,058	83,462
390	Office Furniture and Equipment	3,814		3,814		14,588	317
391	Transportation Equipment			-		-	-
393	Tools, Shop and Garage Equipment			-		-	-
394	Laboratory Equipment			-		14,796	370
395	Power Operated Equipment			-		-	-
398	Other Tangible Plant			-		-	-
Plant Held for Future Use		-	-	-	-	-	-
TOTAL WATER PLANT		922,189	-	922,189	-	10,065,969	238,872

Gold Canyon Sewer Company
Plant Additions and Retirements

Exhibit
Rebuttal Schedule B-2
Page 6f
Witness: Bourassa

Account No.	Description	October 31				10 Months Ended	
		2005 Plant Additions	2005 Plant Adjustments	2005 Adjusted Plant Additions	2005 Plant Retirements	October 31 2005 Balance	October 31 2005 Deprec.
351	Organization	-	-	-	-	25,000	-
352	Franchises	-	-	-	-	25,000	-
353	Land and Land Rights	-	-	-	-	-	-
354	Structures and Improvements	3,849,732	-	3,849,732	-	4,989,154	68,587
355	Power Generation Equipment	-	-	-	-	-	-
360	Collection Sewers - Force	6,713	-	6,713	-	79,427	1,888
361	Collection Sewers - Gravity	89,952	1,422	91,374	-	1,570,492	37,930
362	Special Collecting Structures	-	-	-	-	19,067	477
363	Services to Customers	2,570	-	2,570	-	21,498	500
364	Flow Measuring Devices	-	-	-	-	3,708	93
365	Flow Measuring Installations	4,015	-	4,015	-	159,573	3,931
370	Receiving Wells	-	-	-	-	-	-
371	Pumping Equipment	13,465	-	13,465	-	66,132	1,457
380	Treatment and Disposal Equipment	7,260,433	-	7,260,433	(266,794)	10,672,039	164,810
381	Plant Sewers	-	-	-	-	945	24
382	Outfall Sewer Lines	-	-	-	-	-	-
389	Other Plant and Misc. Equipment	42,034	-	42,034	-	3,408,092	84,589
390	Office Furniture and Equipment	22,121	-	22,121	-	36,709	595
391	Transportation Equipment	-	-	-	-	-	-
393	Tools, Shop and Garage Equipment	-	-	-	-	-	-
394	Laboratory Equipment	969	1,648	2,617	-	17,413	397
395	Power Operated Equipment	-	-	-	-	-	-
398	Other Tangible Plant	-	-	-	-	-	-
Plant Held for Future Use		-	-	-	-	-	-
TOTAL WATER PLANT		11,292,004	3,070	11,295,074	(266,794)	21,094,249	365,277

Account No.	Description	Year End Accumulated Depreciation by Account					
		Mar-00	Dec-00	Dec-01	Dec-02	Dec-03	Dec-04
		2000	2000	2001	2002	2003	2004
351	Organization	-	-	-	-	-	-
352	Franchises	-	-	-	-	-	-
353	Land and Land Rights	-	-	-	-	-	-
354	Structures and Improvements	-	-	-	3,043	10,522	29,200
355	Power Generation Equipment	-	-	-	-	-	-
360	Collection Sewers - Force	-	-	-	21	521	1,909
361	Collection Sewers - Gravity	227,260	254,453	290,709	326,976	363,264	399,902
362	Special Collecting Structures	-	-	-	238	715	1,192
363	Services to Customers	-	-	13	143	497	970
364	Flow Measuring Devices	-	-	-	1	47	140
365	Flow Measuring Installations	-	-	-	749	3,442	7,331
370	Receiving Wells	-	-	-	-	-	-
371	Pumping Equipment	-	-	23	155	710	1,814
380	Treatment and Disposal Equipment	262,383	293,778	360,687	452,647	544,607	636,567
381	Plant Sewers	-	-	-	-	12	35
382	Outfall Sewer Lines	-	-	-	-	-	-
389	Other Plant and Misc. Equipment	-	-	472	7,757	55,957	139,419
390	Office Furniture and Equipment	-	-	77	289	558	875
391	Transportation Equipment	-	-	-	-	-	-
393	Tools, Shop and Garage Equipment	-	-	-	-	-	-
394	Laboratory Equipment	-	-	-	95	374	744
395	Power Operated Equipment	-	-	-	-	-	-
398	Other Tangible Plant	-	-	-	-	-	-
Plant Held for Future Use		-	-	-	-	-	-
TOTAL WATER PLANT		489,643	548,230	651,981	792,114	981,226	1,220,098
							1,318,581

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Original Cost Rate Base Proforma Adjustments
Adjustment #5

Exhibit
Rebuttal Schedule B-2
Page 7
Witness: Bourassa

Line

No.

1	<u>Working Capital</u>		
2			
3	Staff Adjustment #7 (CSB-11) for Working Capital	\$	(134,672)
4			
5			
6			
7	Increase (Decrease) to Working Capital	\$	<u>(134,672)</u>
8			
9			
10			
11			
12			
13			
14			
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16			
17			
18			
19			
20			

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Computation of Working Capital

Exhibit
Rebuttal Schedule B-5
Page 1
Witness: Bourassa

Line

No.

1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	\$	103,796
3	Pumping Power (1/24 of Pumping Power)		4,460
4	Purchased Water Treatment (1/24 of Purchased Water)		257

5

6

7

8

9	Total Working Capital Allowance	<u>\$</u>	<u>108,512</u>
---	---------------------------------	-----------	----------------

10

11

12	Working Capital Requested	<u>\$</u>	<u>-</u>
----	---------------------------	-----------	----------

13

14

15 SUPPORTING SCHEDULES:

RECAP SCHEDULES:

16

Rebuttal B-1

17

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Income Statement

Exhibit
Rebuttal Schedule C-1
Page 1
Witness: Bourassa
REVISED

Line No.		Adjusted Book Results	Adjustments	Rebuttal Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues					
2	Flat Rate Revenues	\$ 2,451,576	\$ -	\$ 2,451,576	\$ 2,298,590	\$ 4,750,166
3	Measured Revenues	-	-	-		-
4	Other Wastewater Revenues	44,804	-	44,804		44,804
5		<u>\$ 2,496,380</u>	<u>\$ -</u>	<u>\$ 2,496,380</u>	<u>\$ 2,298,590</u>	<u>\$ 4,794,970</u>
6	Operating Expenses					
7	Salaries and Wages	\$ -	-	\$ -		\$ -
8	Purchased Wastewater Treatment	6,159	-	6,159		6,159
9	Sludge Removal Expense	44,737	-	44,737		44,737
10	Purchased Power	107,040	-	107,040		107,040
11	Fuel for Power Production	-	-	-		-
12	Chemicals	63,590	-	63,590		63,590
13	Materials and Supplies	13,042	(1,747)	11,295		11,295
14	Contractual Services - Professional	22,068	-	22,068		22,068
15	Contractual Services - Testing	11,655	-	11,655		11,655
16	Contractual Services - Other	599,919	(71,955)	527,964		527,964
17	Rents	-	-	-		-
18	Transportation Expenses	35,925	(22,000)	13,925		13,925
19	Insurance - General Liability	6,293	-	6,293		6,293
20	Regulatory Commission Expense	18,680	-	18,680		18,680
21	Miscellaneous Expense	40,000	-	40,000		40,000
22	Scottsdale Capacity- Lease	75,936	(5,778)	70,158		70,158
23	Depreciation	917,428	(13,472)	903,956		903,956
24	Taxes Other Than Income	-	-	-		-
25	Property Taxes	253,982	1,157	255,139		255,139
26	Income Tax	108,048	43,924	151,972	887,230	1,039,202
27						
28	Total Operating Expenses	<u>\$ 2,324,502</u>	<u>\$ (69,871)</u>	<u>\$ 2,254,631</u>	<u>\$ 887,230</u>	<u>\$ 3,141,861</u>
29	Operating Income	<u>\$ 171,878</u>	<u>\$ 69,871</u>	<u>\$ 241,749</u>	<u>\$ 1,411,360</u>	<u>\$ 1,653,109</u>
30	Other Income (Expense)					
31	Interest Income	-	-	-		-
32	Other income	-	-	-		-
33	Interest Expense	-	-	-		-
34	Other Expense	-	-	-		-
35						
36	Total Other Income (Expense)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
37	Net Profit (Loss)	<u>\$ 171,878</u>	<u>\$ 69,871</u>	<u>\$ 241,749</u>	<u>\$ 1,411,360</u>	<u>\$ 1,653,109</u>

SUPPORTING SCHEDULES:
Rebuttal C-1, Page 2
Rebuttal C-2

RECAP SCHEDULES:
Rebuttal A-1

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Income Statement

Exhibit
Rebuttal Schedule C-1
Page 2
Witness: Bourassa
REVISED

Line No.	ADJUSTMENT LABEL-->	1	2	3	4	5	6	7	8	Rebuttal Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues											
2	Fat Rate Revenues	\$ 2,451,576								\$ 2,451,576	\$ 2,298,590	\$ 4,750,166
3	Measured Revenues											
4	Other Wastewater Revenues	44,804								44,804		44,804
5		\$ 2,496,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,496,380	\$ 2,298,590	\$ 4,794,970
6	Operating Expenses											
7	Salaries and Wages											
8	Purchased Wastewater Treatment	6,159								6,159		6,159
9	Sludge Removal Expense	44,737								44,737		44,737
10	Purchased Power	107,040								107,040		107,040
11	Fuel for Power Production											
12	Chemicals											
13	Materials and Supplies	63,590								63,590		63,590
14	Contractual Services - Professional	13,042	(99)							11,295		11,295
15	Contractual Services - Testing	22,068								22,068		22,068
16	Contractual Services - Other	11,655								11,655		11,655
17	Repairs and Maintenance	599,919		(65,727)	(831)					527,964		527,964
18	Rents			(22,000)								
19	Transportation Expenses	35,925								13,925		13,925
20	Insurance	6,293								6,293		6,293
21	Regulatory Commission Expense - Rate Case	18,680								18,680		18,680
22	Miscellaneous Expense	40,000								40,000		40,000
23	Depreciation Expense	75,936		(239)	(503)	(5,036)		(13,472)		70,158		70,158
24	Taxes Other Than Income	917,428								903,956		903,956
25	Property Taxes											
26	Income Tax	253,982								253,139	887,230	1,039,202
27		108,048					1,157		43,924	151,972		
28	Total Operating Expenses	\$ 2,324,502	\$ (7,045)	\$ (87,966)	\$ (1,334)	\$ (5,036)	\$ 1,157	\$ (13,472)	\$ 43,924	\$ 2,254,631	\$ 887,230	\$ 3,141,861
29	Operating Income	\$ 171,878	\$ 7,045	\$ 87,966	\$ 1,334	\$ 5,036	\$ (1,157)	\$ 13,472	\$ (43,924)	\$ 241,749	\$ 1,411,360	\$ 1,653,109
30	Other Income (Expense)											
31	Interest Income											
32	Other Income											
33	Interest Expense											
34	Other Expense											
35												
36	Total Other Income (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37	Net Profit (Loss)	\$ 171,878	\$ 7,045	\$ 87,966	\$ 1,334	\$ 5,036	\$ (1,157)	\$ 13,472	\$ (43,924)	\$ 241,749	\$ 1,411,360	\$ 1,653,109

SUPPORTING SCHEDULES:
Rebuttal C-2

RECAP SCHEDULES:
Rebuttal A-1

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Adjustments to Revenues and Expenses

Exhibit
Schedule C-2
Page 1
Witness: Bourassa
REVISED

Line No.	Adjustments to Revenues and Expenses						
	1 Expensed Plant	2 Materials and Supplies	3 Non-recurring Expenses	4 'Unnecessary' Expenses	5 ACC Assessment	6 Property Taxes	Subtotal
Revenues							-
Expenses	(7,045)	(99)	(87,966)	(1,334)	(5,036)	1,157	(100,323)
Operating Income	7,045	99	87,966	1,334	5,036	(1,157)	100,323
Interest Expense							-
Other Income / Expense							-
Net Income	7,045	99	87,966	1,334	5,036	(1,157)	100,323
	7 Depreciation Expense	8 Income Tax	9	10	11	12	Subtotal
Revenues							-
Expenses	(13,472)	43,924	-	-	-	-	(69,871)
Operating Income	13,472	(43,924)	-	-	-	-	69,871
Interest Expense							-
Other Income / Expense							-
Net Income	13,472	(43,924)	-	-	-	-	69,871
	13	14	15	16	17	18	Total
Revenues							-
Expenses							(69,871)
Operating Income	-	-	-	-	-	-	69,871
Interest Expense							-
Other Income / Expense							-
Net Income	-	-	-	-	-	-	69,871

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Adjustment to Revenues and Expenses
Adjustment Number 1

Exhibit
Rebuttal Schedule C-2
Page 2
Witness: Bourassa

Line
No.

1 Remove Expensed Plant

2

3

4 Materials and Supplies (per RUCO Adj.#5)

Label
(1,648) 1a

5 Contractual Services - Other (per RUCO Adj.#5)

(5,397) 1b

6

7

8 Total

\$ (7,045)

9

10

11

12 Adjustment to Revenues/Expenses

\$ (7,045)

13

14

15 SUPPORTING SCHEDULE

16 Rebuttal B-2, Page 5

17

18

19

20

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Rebuttal Schedule C-2
Page 3
Witness: Bourassa

Line
No.

1 Remove Materials and Supplies Expenses

2

3

4 Late Fees (per Staff Adj. # 2 CSB-15)

\$ (60)

5 Duplicate Expense (per Staff Adj. # 2 CSB-15)

(39)

6

7

8 Total

\$ (99)

9

10
11 Adjustment to Revenues/Expenses

\$ (99)

12

13

14

15

16

17

18

19

20

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Rebuttal Schedule C-2
Page 4
Witness: Bourassa

Line
No.

1	Remove Non-recurring Expenses		
2			
3	Backhoe Rental (per Staff Adj. #3 CSB-16 and RUCO Adj. #12 RLM-12)	\$	(22,000) Rents
4	Effluent hauling (per Staff Adj. #5 CSB-18 and RUCO Adj. #12 RLM-12)		(41,820) Contract Services-Other
5	Catch-up Expense (per Staff Adj. #5 CSB-18)		(10,235) Contract Services-Other
6	CC&N Expenses (per RUCO Adj. #12 RLM-12)		(13,672) Contract Services-Other
7	Moving Equipment (per RUCO Adj. #12 RLM-12)		(239) Misc. Expense
8	Total	\$	(87,966)
9			
10			
11	Adjustment to Revenues/Expenses	\$	<u>(87,966)</u>
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Rebuttal Schedule C-2
Page 5
Witness: Bourassa

Line
No.

1 Remove 'Unnecessary' Expenses

2

3 Gold Canyon Gold Resort - Fish restocking (per Staff Adj.#9 CSB-22 and
RUCO Adj.#10 RLM-10)

\$ (503) Misc. Expense

4 Beverages (per RUCO Adj.#10 RLM-10)

(831) Contract Services - Other

5

6 Total

\$ (1,334)

7

8

9

10

11 Adjustment to Revenues/Expenses

\$ (1,334)

12

13

14

15

16

17

18

19

20

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Rebuttal Schedule C-2
Page 6
Witness: Bourassa

Line

No.

1 Remove ACC Assessment

2

3 Miscellaneous Expense (per Staff Adj #9 CSB -22)

\$ (5,036)

4

5

6

7

8

9

10

11 Adjustment to Revenues/Expenses

\$ (5,036)

12

13

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Test Year Ended October 31, 2005
Adjustment to Revenues and Expenses
Adjustment Number 6

Schedule C-2
Page 7
Witness: Bourassa
REVISED

Line
No.

1	Adjust Property Taxes to Reflect Proposed Revenues:	
2		
3	Adjusted Revenues in year ended 12/31/04	\$ 2,496,380
4	Adjusted Revenues in year ended 12/31/04	2,496,380
5	Proposed Revenues	<u>4,794,970</u>
6	Average of three year's of revenue	\$ 3,262,577
7	Average of three year's of revenue, times 2	\$ 6,525,153
8	Add:	
9	Construction Work in Progress at 10%	\$ -
10	Deduct:	
11	Book Value of Transportation Equipment	<u>-</u>
12		
13	Full Cash Value	\$ 6,525,153
14	Assessment Ratio	<u>24%</u>
15	Assessed Value	1,566,037
16	Property Tax Rate	16.2920%
17		
18	Property Tax	255,139
19	Tax on Parcels	0
20		
21	Total Property Tax at Proposed Rates	\$ 255,139
22	Property Taxes per Direct Filing	<u>253,982</u>
23	Change in Property Taxes	<u>\$ 1,157</u>
24		
25		
26	Adjustment to Revenues and/or Expenses	<u>\$ 1,157</u>
27		
28		

Line No.	Account No.	Description	Direct Adjusted Original Cost	From B-2 Adj. #1 PTY Plant	From B-2 Adj. #3 Capitalised Expenses	Rebuttal Adjusted Original Cost	Proposed Rates	Depreciation Expense
1		Depreciation Expense						
2								
3								
4	351	Organization	25,000			25,000	0.00%	-
5	352	Franchisees	25,000			25,000	0.00%	-
6	353	Land and Land Rights	-			-	0.00%	-
7	354	Structures and Improvements	4,989,153			4,989,153	3.33%	166,139
8	355	Power Generation Equipment	-			-	5.00%	-
9	360	Collection Sewers - Force	79,427			79,427	2.00%	1,589
10	361	Collection Sewers - Gravity	1,570,491			1,570,491	2.00%	31,410
11	362	Special Collecting Structures	19,067			19,067	2.00%	381
12	363	Services to Customers	21,498			21,498	2.00%	430
13	364	Flow Measuring Devices	3,708			3,708	10.00%	371
14	365	Flow Measuring Installations	159,573			159,573	10.00%	15,957
15	370	Receiving Wells	-			-	3.33%	-
16	371	Effluent Pumping Equipment	66,132			66,132	12.50%	8,267
17	380	Treatment and Disposal Equipment	10,938,833	(272,191)	5,397	10,672,039	5.00%	533,602
18	381	Plant Sewers	945			945	5.00%	47
19	382	Outfall Sewer Lines	-			-	3.33%	-
20	389	Other Plant and Misc. Equipment	3,408,092			3,408,092	6.67%	227,320
21	390	Office Furniture and Equipment	36,709			36,709	6.67%	2,448
22	391	Transportation Equipment	-			-	20.00%	-
23	393	Tools, Shop and Garage Equipment	-			-	5.00%	-
24	394	Laboratory Equipment	15,765		1,648	17,413	10.00%	1,741
25	395	Power Operated Equipment	-			-	5.00%	-
26	398	Other Tangible Plant	-			-	10.00%	-
27								
28								
29								
30		TOTALS	\$ 21,359,393	\$ (272,191)	\$ 7,045	\$ 21,094,247		\$ 989,702
31								
32								
33								
34								
35								
36								
37		Less: Amortization of Contributions - Balance End of TY (net -	\$ 1,827,557		\$ 1,827,557		4.692%	\$ (85,745)
38								
39								
40		Total Depreciation Expense						\$ 903,956
41								
42		Adjusted Test Year Depreciation Expense Direct Filing						917,428
43								(13,472)
44		Increase (decrease) in Depreciation Expense						\$ (13,472)
45								
46		Adjustment to Revenues and/or Expenses						\$ (13,472)
47								
48								

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Adjustment to Revenues and Expenses
Income Tax Calculation
Adjustment 8

Exhibit
Schedule C-2
Page 9
Witness: Bourassa
REVISED

Line No.	Test Year Book Results	Test Year Adjusted Results	Adjusted with Rate Increase
1			
2	Net Income	\$ 241,749	\$ 1,653,109
3	Plus:		
4	Income Taxes	\$ 151,972	\$ 1,039,202
5	Operating Lease	\$ -	\$ -
6	Synchronized Interest with Rate Base	\$ -	\$ -
7	Taxable Income	\$ 393,721	\$ 2,692,311
8			
9			
10			
11	Income Before Taxes	393,721	2,692,311
12	Arizona Income Before Taxes	393,721	2,692,311
13			
14	Less Arizona Income Tax	27,434	187,600
15	R _z 6.97%		
16			
17	Arizona Taxable Income	366,287	2,504,711
18	Arizona Income Taxes	27,434	187,600
19			
20	Federal Income Before Taxes	393,721	2,692,311
21			
22	Less Arizona Income Taxes	27,434	187,600
23			
24	Federal Taxable Income	366,287	2,504,711
25			
26			
27			
28	FEDERAL INCOME TAXES:		
29	15% BRACKET	7,500	7,500
30	25% BRACKET	6,250	6,250
31	34% BRACKET	8,500 Federal	8,500 Federal
32	39% BRACKET	62,564 Effective	91,650 Effective
33	34% BRACKET	- Tax	737,702 Tax
34		Rate	Rate
35	Federal Income Taxes	124,537	851,602
36			
37			
38	Total Income Tax	151,972	1,039,202
39			
40	Overall Tax Rate	38.60%	38.60%
41			
42	Income Tax at Proposed Rates Effective Rate	151,972	
43			
44			

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Computation of Gross Revenue Conversion Factor

Exhibit
Rebuttal Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	31.63%
2		
3	State Income Taxes	6.97%
4		
5	Other Taxes and Expenses	0.00%
6		
7		
8	Total Tax Percentage	38.60%
9		
10	Operating Income % = 100% - Tax Percentage	61.40%
11		
12		
13		
14		
15	<u>1</u> = Gross Revenue Conversion Factor	
16	Operating Income %	1.6286
17		
18	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
19		Rebuttal A-1
20		

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Summary of Cost of Capital

Exhibit
 Rebuttal Schedule D-1
 Page 1
 Witness: Bourassa

Line No.	Item of Capital	End of Test Year				Adjusted End of Test Year			
		Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost
1	Long-Term Debt	-	0.00%	0.00%	0.00%	-	0.00%	0.00%	0.00%
2									
3	Stockholder's Equity (1)(2)	14,443,665	100.00%	10.50%	10.50%	14,443,665	100.00%	10.50%	10.50%
4									
5	Totals	14,443,665	100.00%		10.50%	14,443,665	100.00%		10.50%
6									
7	(1) Adjusted for accum. depreciation from Direct B-2	\$		(195,634)					
8	(2) Adjusted for accum. amortization from Direct B-2	\$		75,381					
9									
10									

SUPPORTING SCHEDULES:

RECAP SCHEDULES:

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Gold Canyon Sewer Company
Selected Characteristics of Water Utilities

Exhibit
Rebuttal Schedule D-4.1
Witness: Bourassa

<u>No.</u>		<u>% Water Revenues</u>	<u>Operating Revenues (millions)</u>	<u>Net Plant (millions)</u>	<u>S&P Bond Rating</u>	<u>Moody's Bond Rating</u>
1	American States	87%	\$ 247.0	\$ 665.5	A-	A2
2	Aqua America	88%	\$ 500.7	\$ 2,007.2	AA-	NR
3	California Water	96%	\$ 325.6	\$ 773.9	NR	A2
4	Connecticut Water	91%	\$ 51.1	\$ 303.1	AA+	NR
5	Middlesex	89%	\$ 76.1	\$ 261.3	A	NR
6	SJW Corp.	97%	\$ 180.5	\$ 377.8	NR	NR
10						
11	Average	91%	\$ 230.2	\$ 731.5		
12						
13	Gold Canyon Sewer Company	0%	\$ 2.5	\$ 19.8		
14						
15						

Source: AUS Utility Reports (July 2006)

Gold Canyon Sewer Company
Capital Structures of Water Utilities December 2005

Exhibit
Rebuttal Schedule D-4.2
Witness: Bourassa

No.		Book Value		Market Value	
		Long-Term <u>Debt</u>	Common <u>Equity</u>	Long-Term <u>Debt</u>	Common <u>Equity</u>
1.	American States	50.4%	49.6%	29.1%	70.9%
2.	Aqua America	52.0%	48.0%	23.8%	76.2%
3.	California Water	48.3%	51.7%	28.5%	71.5%
4.	Connecticut Water	40.6%	59.4%	25.7%	74.3%
5.	Middlesex	56.3%	43.7%	38.0%	62.0%
6.	SJW Corp.	42.6%	57.4%	23.1%	76.9%
10					
11	Average	48.3%	51.7%	28.0%	72.0%
12					
13	Gold Canyon Sewer Company	0.0%	100.0%	N/A	N/A
14					
15					

Sources:
Zacks Investment Research

Gold Canyon Sewer Company
 Comparisons of Past and Future Estimates of Growth

Line No.	Company	Five-year historical compound annual changes				Average Future Growth*
		Price	Book Value	DPS	EPS	
1.	American States	8.19%	4.66%	0.91%	1.29%	6.33%
2.	Aqua America	21.12%	10.35%	7.39%	8.60%	10.00%
3.	California Water	12.54%	5.30%	0.72%	2.33%	6.83%
4.	Connecticut Water	7.61%	5.25%	1.48%	-4.19%	
5.	Middlesex	5.32%	4.26%	1.89%	6.84%	4.00%
6.	SJW Corp.	9.11%	6.30%	5.27%	14.07%	
	GROUP AVERAGE	10.65%	6.02%	2.95%	4.82%	6.79%
	GROUP MEDIAN	8.65%	5.27%	1.69%	4.59%	6.58%

* See Schedule D-4.7

Sources:

Value Line Data

Yahoo Finance

Gold Canyon Sewer Company

Comparisons of Past and Future Estimates of Growth

Exhibit
Rebuttal Schedule D-4.4
Page 1
Witness: Bourassa

Line No.	Company	Ten-year historical compound annual changes				Average Future Growth*
		Price	Book Value	DPS	EPS	
1.	American States	13.25%	4.51%	1.06%	3.42%	6.33%
2.	Aqua America	27.11%	9.86%	6.16%	9.37%	10.00%
3.	California Water	13.65%	3.60%	0.92%	2.31%	6.83%
4.	Connecticut Water	11.68%	4.03%	1.26%	-0.87%	
5.	Middlesex	11.55%	3.93%	2.18%	0.43%	4.00%
6.	SJW Corp.	17.76%	5.44%	3.94%	2.38%	
	GROUP AVERAGE	15.83%	5.23%	2.59%	2.84%	6.79%
	GROUP MEDIAN	13.45%	4.27%	1.72%	2.35%	6.58%
	* See Schedule D-4.7					
	Sources:					
	Value Line Data					
	Yahoo Finance					

Gold Canyon Sewer Company
Stock Price Comparison

Exhibit
Rebuttal Schedule D-4.5
Witness: Bourassa

Line No.	Company	Price at 7/18/2005 \$	Spot Price 7/18/2006	Difference Spot Price	Percent Increase
1	1. American States (AWR)	30.41	38.20	7.79	25.62%
2	2. Aqua America (WTR)	27.06	21.97	(5.09)	-18.81%
3	3. California Water (CWT)	37.71	37.14	(0.57)	-1.51%
4	4. Connecticut Water (CTWS)	24.09	22.88	(1.21)	-5.02%
5	5. Middlesex (MSEX)	17.03	18.09	1.06	6.22%
6	6. SJW Corp. (SJW)	22.50	26.47	3.97	17.64%
7					
8				\$ 0.99	4.02%
9					

Sources:

Yahoo Finance
Zacks Investment Research

10
11
12
13
14
15

Gold Canyon Sewer Company
Analysts Forecasts of Earnings Per Share Growth

Exhibit
 Rebuttal Schedule D-4.6
 Witness: Bourassa

Line No.	(1)	(2)	(3)	(4)
	EPS GROWTH			Average Growth (G) (Cols 1-3)
	Zacks	S&P	Value Line	
1.	American States	5.00%	8.00%	6.33%
2.	Aqua America	10.00%	11.00%	10.00%
3.	California Water	7.00%	4.50%	6.83%
4.	Connecticut Water			7.72%
5.	Middlesex*	4.00%		4.00%
6.	SJW Corp.			7.72%
	GROUP AVERAGE	7.00%	7.83%	7.10%
	GROUP MEDIAN	6.50%		7.28%

Sources:

Value Line Investment Survey Dated April 28, 2006
 Zacks Investment Research Site July 21, 2006
 S&P Earnings Guide July 2006

Line
 No.
 1
 2
 3
 4
 5
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 7
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**Gold Canyon Sewer Company
Estimates of Sustainable Growth**

**Exhibit
Rebuttal Schedule D-4.7
Witness: Bourassa**

Line No.	(1)	(2)	(3)	(4)	(5)
	Retention Ratio	Rate of Return	br Growth	sv Growth	Average Sustainable Growth (Cols 3+4)
1. American States	0.47	9.00%	4.20%	2.67%	6.87%
2. Aqua America	0.45	13.00%	5.85%	1.10%	6.95%
3. California Water	0.32	9.00%	2.90%	4.00%	6.90%
4. Connecticut Water					
5. Middlesex					
6. SJW Corp.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.					
22.					
23.					

Sources:

Value Line Data Reported April 28, 2006

GROUP AVERAGE
GROUP MEDIAN

4.32%
4.20%

2.59%
2.67%

6.91%
6.90%

Gold Canyon Sewer Company
Estimates of sv Growth

Exhibit
 Rebuttal Schedule D-4.8
 Witness: Bourassa

Line No.	(1)	(2)	(3)	(4)
	Stock Financing Rate	Current Market to Book Ratio	v	sv Growth
1. American States	4.55%	2.43	0.59	2.67%
2. Aqua America	1.54%	3.49	0.71	1.10%
3. California Water	7.02%	2.32	0.57	4.00%
4. Connecticut Water				na
5. Middlesex				na
6. SJW Corp.				na
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.	4.37%	2.75	0.62	2.59%
16.	4.55%	2.43	0.59	2.67%
17.				
18.				
19.				
20.				
21.				

Sources:

Value Line data reported April 28, 2006

Gold Canyon Sewer Company
Discounted Cash Flow Analysis (Water)
Constant Growth DCF Model
Using Projected EPS Growth

Exhibit
Rebuttal Schedule D-4.9
Witness: Bourassa

Line No.	(1)	(2)	(3)	(4)	(5)
	Company	Spot Price (Po)	Next Year's Div (D1)	Dividend Yield	Indicated Cost of Equity
1.	American States	38.20	0.91	2.38%	k=Div Yld + g
2.	Aqua America	21.97	0.49	2.23%	(Cols 3+4)
3.	California Water	37.14	1.16	3.12%	8.7%
4.	Connecticut Water	22.88	0.85	3.72%	12.2%
5.	Middlesex	18.09	0.67	3.70%	10.0%
6.	SJW Corp.	26.47	0.53	2.00%	11.4%
					7.7%
					9.7%
	GROUP AVERAGE				10.0%
	GROUP MEDIAN				9.8%
(a)	See Schedules D-4.5				
Sources:					
	Value Line Data April 28, 2006				
	Yahoo Finance				

**Exhibit
Rebuttal Schedule D-4.10
Witness: Bourassa**

(a) See Schedule D-4.6 and D-4.7

Value Line Data April 28, 2006
Yahoo Finance

Value Line Data April 28, 2006
Yahoo Finance

Gold Canyon Sewer Company
 Discounted Cash Flow Analysis (Water)
 Two-Stage Growth - Projected

Line No.	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Next Year's Div (D ₁)	Yield (D ₁ /P ₀)	Near Term (a)	Long Term (GDP)	Average (b)	Indicated Cost of Equity
	<u>Company</u>	<u>Spot Price(P₀)</u>					
1.	American States	38.20	0.91	6.33%	6.80%	6.49%	8.9%
2.	Aqua America	21.97	0.49	10.00%	6.80%	8.94%	11.2%
3.	California Water	37.14	1.16	6.83%	6.80%	6.82%	9.9%
4.	Connecticut Water	22.88	0.85	7.72%	6.80%	7.42%	11.1%
5.	Middlesex	18.09	0.67	4.00%	6.80%	4.92%	8.6%
6.	SJW Corp.	26.47	0.53	7.72%	6.80%	7.42%	9.4%
13							
14							
15	GROUP AVERAGE						9.9%
16	GROUP MEDIAN						9.7%

(a) See Schedule D-4.5
 (b) Near term growth given weighting of .67

Sources:
 Value Line Data April 28, 2006
 Yahoo Finance

Gold Canyon Sewer Company
Risk Premium Equity Cost Analysis
Average Equity Returns of Sample Water Companies

Exhibit
 Rebuttal Schedule D-4.12
 Witness: Bourassa

Line No.		Actual Returns on Equity	Annual Average 10 Year Treasury	Risk Premium 10 Year Treasury
1	2005	9.80%	4.34%	5.46%
2	2004	9.00%	4.27%	4.73%
3	2003	8.75%	4.01%	4.74%
4	2002	10.25%	4.61%	5.64%
5	2001	10.05%	5.02%	5.03%
6	2000	9.62%	6.03%	3.59%
7	1999	11.20%	5.65%	5.55%
8	1998	10.62%	5.26%	5.36%
9	1997	11.52%	6.35%	5.17%
10	1996	11.67%	6.44%	5.23%
11	1995	10.93%	6.57%	4.36%
12				
13				
14	10 Year Average Premium			5.05%
15	5 Year Average Premium			5.12%
16				
17				
18	Forecasted Interest Rates for 2007-2008			5.20%
19				
20	Projected Returns on Equity			
21	10 Year Average			10.2%
22	5 Year Average			10.3%
23				
24				

Sources:

Value Line data reported April 28, 2006
 Ibbotson Associates SBBI Valuation Edition 2006 Yearbook
 Blue Chip Forecast Interest Rates - 10 year Treas. June 2006
 Federal Reserve

Line No. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

Gold Canyon Sewer Company
Risk Premium Equity Cost Analysis
Authorized Equity Returns of Sample Water Companies

Exhibit
 Rebuttal Schedule D-4.13
 Witness: Bourassa

Line No.	Authorized Returns on Equity	Average Annual 10 Year Treasury	Risk Premium 10 Year Treasury
1	2005 10.47%	4.34%	6.13%
2	2004 10.40%	4.27%	6.13%
3	2003 10.48%	4.01%	6.47%
4	2002 10.62%	4.61%	6.01%
5	2001 10.86%	5.02%	5.84%
6	2000 11.12%	6.03%	5.09%
7	1999 11.12%	5.65%	5.47%
8	1998 11.06%	5.26%	5.80%
9	1997 11.18%	6.35%	4.83%
10	1996 11.58%	6.44%	5.14%
11	1995 11.51%	6.57%	4.94%
12			
13			
14	10 Year Average Premium		5.69%
15	5 Year Average Premium		6.12%
16			
17			
18	Consensus Forecast Interest Rates for 2007-2008		5.30%
19			
20	Projected Returns on Equity		
21	10 Year Average		11.0%
22	5 Year Average		11.4%
23			
24			
25	Sources:		
26	AUS Utility Reports, issues for December various years		
27	Ibbotson Associates SBBI Valuation Edition 2006 Yearbook		
28	Blue Chip Forecast Interest Rates - 10 year Treas. June 2006		
29	Federal Reserve		

Test Year Ended October 31, 2005
Returns on Equity of Nationally Traded Water
Utilities as Reported in AUS Utility Reports
July 2006

Exhibit
Rebuttal Schedule D-4.14
Witness: Bourassa

Line No.		Authorized Rate of Return	Current Rate of Return
1	American States Water Co.	9.9%	11.1%
2	Aqua America	10.1%	11.0%
3	California Water	10.1%	9.5%
4	Connecticut Water Service	12.7%	7.5%
5	Middlesex Water Co.	10.0%	8.9%
6	SJW Corp.	9.9%	12.1%
7			
8			
9	Averages	10.4%	10.0%
10			
11			
12			
13			
14			
15			

Gold Canyon Sewer Company

Revenue Summary

With Annualized Revenues to Year End Number of Customers
And Estimated Customer Growth
Test Year Ended October 31, 2005

Exhibit
Rebuttal Schedule H1
Witness: Bourassa
REVISED

Line No.	Customer Classification and/or Meter Size	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of	
						Present Sewer Revenues	Proposed Sewer Revenues
1	Residential	\$ 2,055,375	\$ 3,980,968	\$ 1,925,593	93.69%	83.79%	83.79%
2	Residential (<700 SF) per dwelling	86,535	167,585	81,050	93.66%	3.53%	3.53%
3	Residential (Homeowner's Association)	75,732	146,679	70,948	93.68%	3.09%	3.09%
4	Commercial	178,185	345,108	166,924	93.68%	7.26%	7.26%
5	Effluent Sales	31,699	61,395	29,696	93.68%	1.29%	1.29%
6	Subtotal	\$ 2,427,526	\$ 4,701,736	\$ 2,274,210	93.68%	98.96%	98.96%
7							
8	<i>Residential customer revenue</i>						
9	<i>annualized to end of year, based on</i>						
10	<i>year end number of customers</i>						
11	Residential	51,345	99,448	48,103	93.69%	2.09%	2.09%
12	Residential (<700 SF) per dwelling	(27,203)	(52,682)	(25,479)	93.66%	-1.11%	-1.11%
13	Residential (Homeowner's Association)	1,400	2,712	1,312	93.68%	0.06%	0.06%
14	Commercial	(11)	(11)	-	0.00%	0.00%	0.00%
15	Subtotal	\$ 25,531	\$ 49,466	\$ 23,936	93.75%	1.04%	1.04%
16							
17	Subtotal Revenues from Bill Count	2,453,056	4,751,202	2,298,146	93.68%	200.00%	200.00%
18	Misc Revenues	44,804	44,804	-	0.00%	0.00%	0.00%
19	Totals	\$ 2,497,860	\$ 4,796,006	\$ 2,298,146	92.00%	200.00%	200.00%

Gold Canyon Sewer Company
Test Year Ended October 31, 2005
Analysis of Revenue by Detailed Class

Rebuttal Schedule H-2
Page 1
Witness: Bourassa
REVISED

Line No.	Customer Classification	Average Number of Customers at 10/31/2005	Average Effluent	Revenues		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	Residential	5,016	N/A	\$ 35.00	\$ 67.79	\$ 32.79	93.69%
2	Residential (<700 S.F.)	259	N/A	19.09	36.97	17.88	93.66%
3	Residential (Homeowners Association)*	1	N/A	31.82	61.63	29.81	93.68%
4	Commercial	20	N/A	0.18	0.34	0.16	93.68%
5	Effluent	3	2,382,750	0.39	0.76	0.37	93.68%
6							
7	Total						
8		5,299					
9							

* Shown on H5 schedule as number of occupied units billed, but only one customer is billed.

Gold Canyon Sewer Company
 Present and Proposed Rates
 Test Year Ended October 31, 2005

Exhibit
 Rebuttal Schedule H3
 Page 1
 Witness: Bourassa
REVISED

Line No.	Customer Classification and Meter Size	Present Rates	Proposed Rates	Percent Change
1				
2				
3				
4				
5	Monthly Charge for:			
6	Residential	\$ 35.00	\$ 67.79	93.6857%
7	Commercial, per gallon per day	0.175	0.339	93.6800%
8	Effluent Sales (per 1,000 gallons)	0.391	0.758	93.6800%
9	Residential charge for dwelling less than 700 SF	19.09	36.97	93.6616%
10	Homeowner's Associations, per dwelling	31.82	61.63	93.6832%
11	Recalimed non-potable water per A.F. (See Effluent Sales per 1,000 gallons)	127.50	246.94	93.6784%

Gold Canyon Sewer Company
Present and Proposed Rates
Test Year Ended October 31, 2005

Exhibit
Rebuttal Schedule H3
Page 2
Witness: Bourassa

REVISED

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	\$ 25.00	\$ 25.00
2	Establishment (After Hours)	50.00	50.00
3	Re-Establishment (With-in 12 Months)	(b)	(b)
4	Re-Establishment (After Hours)(b) plus	40.00	40.00
5	Reconnection (Deliquent)	(c)	(c)
6	Reconnection (Deliquent and After Hours)(c) plus	30.00	30.00
7	Min Deposit Requirement (Residential)	(a)	(a)
8	Min Deposit Requirement (Non-Residential)	(a)	(a)
9	Deposit Interest	6.00%	6.00%
10	NSF Check	10.00	10.00
11	Deferred Payment finance charge, Per Month	1.50%	1.50%
12	Late Payment Charge, Per Month	1.50%	1.50%
13			
14	Main Extension Tariff, per Rule	Cost	Cost
15			
16	<u>Hook-Up Fee for New Service</u>		
17	4 Inch service line	\$ 900	\$ 900
18	6 Inch service line	\$ 2,025	\$ 2,025
19	8 Inch service line	\$ 3,600	\$ 3,600
20	larger than 8 Inch service line	\$ 5,625	\$ 5,625
21			

(a) Residential - two times the average bill. Non-residential - two and one-half times the average bill.

(b) Minimum charge times number of full months disconnected.

(c) Actual cost of physical disconnection and reconnection (if same customer) and there shall be no charge if there is no physical work performed.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX, PER COMMISSION RULE
ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES.
COST TO INCLUDE LABOR, MATERIALS AND PARTS, OVERHEADS AND ALL APPLICABLE TAXES.

Gold Canyon Sewer Company
Representative Rate Schedule
Test Year Ended October 31, 2005

Line No.		Present Rates	Proposed Rates
1	Hook-up Fee to charged Builders, Developers, and or New Homeowner's		
2			
3	All Builders, Developers, and/or New Homeowners are required to pay a Hook-up Fee for		
4	connection to the sewer system.		
5			
6			
7			
8	<u>Service Line Size</u>		
9	4 Inch service line	\$ 900	\$ 900
10	6 Inch service line	\$ 2,025	\$ 2,025
11	8 Inch service line	\$ 3,600	\$ 3,600
12	larger than 8 Inch service line	\$ 5,625	\$ 5,625
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			

Gold Canyon Sewer Company
 Bill Comparison
 Customer Classification
 Residential

Present Bill	Proposed Bill	Dollar Increase	Percent Increase
\$ 35.00	\$ 67.79	\$ 32.79	93.69%

Exhibit
 Rebuttal Schedule H4
 Page 1
 Witness: Bourassa
REVISED

Present Rates:
 Monthly Charge: \$ 35.00
Proposed Rates:
 Monthly Charge: \$ 67.79

Gold Canyon Sewer Company
Bill Comparison
Customer Classification
Residential (<700 S.F.)
RV/Mobile Home

Present	Proposed	Dollar	Percent
<u>Bill</u>	<u>Bill</u>	<u>Increase</u>	<u>Increase</u>
\$ 19.09	\$ 36.97	\$ 17.88	93.66%

Exhibit
Rebuttal Schedule H4
Page 2
Witness: Bourassa
REVISED

Present Rates:
Monthly Charge per Dwelling: \$ 19.09

Proposed Rates:
Monthly Charge per Dwelling: \$ 36.97

Gold Canyon Sewer Company
 Bill Comparison
 Customer Classification
 Residential Units (Home Owners Association)

Present Bill	Proposed Bill	Dollar Increase	Percent Increase
\$ 31.82	\$ 61.63	\$ 29.81	93.68%

Exhibit
 Rebuttal Schedule H4
 Page 3
 Witness: Bourassa
REVISED

Present Rates:
 Monthly Charge per Dwelling: \$ 31.82

Proposed Rates:
 Monthly Charge per Dwelling: \$ 61.63

Gold Canyon Sewer Company
Bill Comparison
Customer Classification
Commercial

Exhibit
Rebuttal Schedule H4
Page 4
Witness: Bourassa
REVISED

Average GPD	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ -	\$ -	\$ -	0.00%
50	8.75	16.95	8.20	93.68%
150	26.25	50.84	24.59	93.68%
250	43.75	84.74	40.99	93.68%
350	61.25	118.63	57.38	93.68%
450	78.75	152.52	73.77	93.68%
550	96.25	186.42	90.17	93.68%
650	113.75	220.31	106.56	93.68%
750	131.25	254.21	122.96	93.68%
850	148.75	288.10	139.35	93.68%
950	166.25	321.99	155.74	93.68%
1,050	183.75	355.89	172.14	93.68%
2,050	358.75	694.83	336.08	93.68%
3,050	533.75	1,033.77	500.02	93.68%
4,050	708.75	1,372.71	663.96	93.68%
5,050	883.75	1,711.65	827.90	93.68%
6,050	1,058.75	2,050.59	991.84	93.68%
7,050	1,233.75	2,389.53	1,155.78	93.68%
8,050	1,408.75	2,728.47	1,319.72	93.68%
9,050	1,583.75	3,067.41	1,483.66	93.68%
10,000	1,750.00	3,389.40	1,639.40	93.68%
15,000	2,625.00	5,084.10	2,459.10	93.68%
20,000	3,500.00	6,778.80	3,278.80	93.68%
25,000	4,375.00	8,473.50	4,098.50	93.68%
30,000	5,250.00	10,168.20	4,918.20	93.68%
35,000	6,125.00	11,862.90	5,737.90	93.68%
40,000	7,000.00	13,557.60	6,557.60	93.68%
45,000	7,875.00	15,252.30	7,377.30	93.68%
50,000	8,750.00	16,947.00	8,197.00	93.68%
60,000	10,500.00	20,336.40	9,836.40	93.68%
70,000	12,250.00	23,725.80	11,475.80	93.68%
80,000	14,000.00	27,115.20	13,115.20	93.68%
90,000	15,750.00	30,504.60	14,754.60	93.68%
100,000	17,500.00	33,894.00	16,394.00	93.68%

Present Rates:

Charge Per Gallon per Day \$ 0.1750

Proposed Rates:

Charge Per Gallon per Day \$ 0.3389

Average Usage					
2,805	\$	0.18	\$	0.34	\$ 0.16 93.68%
Median Usage					
3,070	\$	0.18	\$	0.34	\$ 0.16 93.68%

Gold Canyon Sewer Company
 Bill Comparison
 Customer Classification
 Effluent Sales

Exhibit
 Rebuttal Schedule H4
 Page 5
 Witness: Bourassa
REVISED

MidPoint Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
500,000	\$ 195.64	\$ 378.92	\$ 183.28	93.68%
1,000,000	391.28	757.84	367	93.68%
2,000,000	782.57	1,515.67	733	93.68%
3,000,000	1,173.85	2,273.51	1,100	93.68%
4,000,000	1,565.13	3,031.35	1,466	93.68%
5,000,000	1,956.42	3,789.19	1,833	93.68%
6,000,000	2,347.70	4,547.02	2,199	93.68%
7,000,000	2,738.98	5,304.86	2,566	93.68%
8,000,000	3,130.27	6,062.70	2,932	93.68%
9,000,000	3,521.55	6,820.53	3,299	93.68%
10,000,000	3,912.83	7,578.37	3,666	93.68%
11,000,000	4,304.11	8,336.21	4,032	93.68%
12,000,000	4,695.40	9,094.05	4,399	93.68%
13,000,000	5,086.68	9,851.88	4,765	93.68%
14,000,000	5,477.96	10,609.72	5,132	93.68%
15,000,000	5,869.25	11,367.56	5,498	93.68%
16,000,000	6,260.53	12,125.39	5,865	93.68%
17,000,000	6,651.81	12,883.23	6,231	93.68%
18,000,000	7,043.10	13,641.07	6,598	93.68%
19,000,000	7,434.38	14,398.91	6,965	93.68%

Average Usage	2,382,750	\$ 932.33	\$ 1,805.74	\$ 873.41	93.68%
Median Usage	1,500,000	\$ 586.92	\$ 1,136.76	\$ 549.83	93.68%

Present Rates:

Charge per 1,000 gals \$ 0.391

Proposed Rates:

Charge per 1,000 gals \$ 0.758